

VALLEY BANK ADJUSTMENT CO.

Election of New Board of Directors at Largely Attended Meeting—Statement to Stockholders by Manager Sims Ely.

At a meeting of the Valley Bank Adjustment Company yesterday the attendance was so large that it had to be moved from the offices of the company to the Chamber of Commerce rooms. The principal business of the meeting was the election of a new board of directors and the following were chosen: Dr. J. C. Norton, A. L. Moore, Fred Blackmer, J. H. McCracken and Jack Wilson. The last two are new members of the board.

Among other things it was decided to print a list of all the debtors of the company, but only for the confidential use of the stockholders, to each of whom a copy will be sent. Manager Sims Ely of the company submitted the following report of the financial affairs of the company:

PHOENIX, Ariz., Jan. 3, 1916.

To the Stockholders of the Valley Bank Adjustment Company:

Following is a statement of the receipts and disbursements of your company for the year just closed:

Receipts

From bills receivable, etc., \$25,642.59

From real estate sales, 5,250.00

From sale of Union Bank furniture, 3,500.00

From rentals, 655.65

Disbursements

Expenses of the directors' committee, \$1,284.50

Organization of the Adjustment Company and equipment of office, 430.89

Fees to company's counsel (attorney and on account), 500.00

Office salaries, 4,158.50

Office expenses, 447.85

For protection of assets, 1,562.30

Taxes, 4,129.17

Interest, 271.27

Water assessments, 52.00

Abstracts, 12.00

Insurance, 79.80

Recording fees, 407.12

Attorneys' fees, 90.00

Automobile expenses, 274.51

Purchase of trucks, 1,736.19

Operation of monumental works, 889.90

Court costs:

Miller judgment against Roberts tract, 3,000.00

Other court costs, 559.26

Miscellaneous:

Construction of fence, Roberts tract, 31.50

Repairs to Beal house, 73.50

Stocking hay, Peters transaction, 10.00

Advanced for Yeager dairy payroll, 150.00

Mr. Hammel's bond premium, 50.00

Inspection of Yeager cattle, 5.00

Inspection of Dean cattle, 10.00

Inspection of Beal stock, 10.00

To Mr. Chapman for expenses incurred in connection with Hancock horses, and calls upon certain other debtors, 53.45

To T. M. Stewart for draft of Union Bank fixtures, 15.00

On company obligations:

On principal of note for \$212,000, \$12,000.00

C. F. Ainsworth's fee (as previously contracted by Valley Bank of Phoenix) for defending suit against Union Bank assets, 500.00

Insurance—earned premium—Union Bank furniture, 18.70

Cashier's check—net proceeds of sale of Union Bank furniture—check held to await result of Stoenman appeal in Union Bank suit, 3,181.20

Cash in bank, 3,330.92

\$38,248.34

In view of the numerous inquiries from stockholders, which indicate that many of them have never had a clear understanding of the negotiations which have been going on for the adjustment of the Valley Bank of Phoenix, and enabled them to receive at once practically eighty per cent of their deposits, it appears advisable to review the operations which led to this fortunate result.

When the wealthy gentlemen who now own the new Valley Bank were approached by the committee of directors with the request that they consider taking over the old bank, these bankers were reluctant to consider it. They, however, were persuaded to make a careful investigation of the affairs of the old bank. Following their investigation they announced that the failure was worse than had been supposed and that the situation disclosed was not at all inviting. They had found that assets of the old bank amounting to at least \$869,000 were of an undesirable character; such assets, in other words, as they would not care to take into the proposed new bank. The directors' committee were persistent, however, in urging these gentlemen not to abandon the project and finally a solution was offered in the suggestion that a separate company be formed to take over the undesirable assets; this company to comprise the depositors who might be willing to co-operate in saving the situation, and including the directors of the old bank; these directors having exhibited a commendable willingness to make larger personal sacrifices to protect the depositors. This suggestion having taken definite form, the prospective owners of the new bank said to the depositors' committee:

"We have found assets to the amount of \$869,000 that are doubtful, slow or worthless. We have decided to take over the old bank, provided the

The operator stands facing the drum and gallows frame of the "Western" hoist.

SCHWEITZER MACHINE CO.
314 W. Washington St., Phoenix

proposed Valley Bank Adjustment Company, can take these assets off our hands. We will sell these assets (\$869,000) to the Adjustment Company for proceeds the sum they cost us, namely, \$562,000. Moreover, we will allow the Adjustment Company by giving it time to complete the payment of the \$562,000, to be the Adjustment Company shall pay us the sum of \$200,000 in cash; deliver to us the secured notes of the old directors for \$150,000, and deliver to us the note of the Adjustment Company for \$212,000; we to retain a lien on all the assets until these obligations are paid."

Accordingly the Adjustment Company was organized with a capitalization of \$200,000 in preferred stock and \$150,000 in common stock, the plan being for the depositors of the old bank to take the preferred stock and the directors of the old bank to take the common stock—the preferred stock to be paid before there should be any disbursements to holders of the common stock. Thereupon the depositors of the old bank were invited to subscribe to the preferred shares of the Adjustment Company on an equal basis—that is, each depositor should subscribe to the amount of one-fourth of his deposit in the old bank and give a check therefor; the directors of the old bank having already agreed to take all the common stock. The subscription campaign among the depositors was highly successful, the proposed \$200,000 being over-subscribed in the sum of approximately \$42,000. This over-subscription was returned pro-rata to the subscribers, who numbered approximately twenty-five hundred. The result was, after the return of this over-subscription that each subscribing depositor had paid approximately 25 per cent of his deposit for preferred stock. The notes offered and accepted by the directors of the old bank, comprised:

E. J. Bennett's for, \$47,500

Lloyd B. Christy's for, 17,500

E. B. O'Neill's for, 12,500

John R. Hampton's for, 12,500

Harry M. Kennedy's for, 12,500

J. A. Cashion's for, 12,500

P. T. Harley's for, 12,500

B. M. Goldwater paying in cash 12,500

All of the notes just mentioned were amply secured by real estate or otherwise, except the notes of Lloyd B. Christy. The security in his case (real estate) was not considered worth \$17,500, but it included everything Mr. Christy had in the way of property. These notes were endorsed by the Adjustment Company, of course, and delivered to the new Valley Bank. There will ultimately be some loss to the Adjustment Company in the Christy transaction, but just how much cannot be stated with accuracy. On the basis of present valuations, the Christy collateral is worth, we estimate, \$25,000 to \$30,000.

It follows, of course, that there can be no dividends on the preferred stock until the Adjustment Company has first paid its note for \$212,000; nor until the notes of the old directors, as well, have been paid all of the assets of the Adjustment Company having been pledged back to the new bank as security for the payment of these obligations.

Following the organization of the Adjustment Company, Mr. Sims Ely was employed to manage the business at a salary of \$2,000 a year. This brings us to a discussion of the assets taken over by the Adjustment Company. Of the \$869,000 (face value) purchased by the Adjustment Company for \$562,000, there were notes which had been executed by the Valley Bank of Phoenix in the sum of \$868,924.49

Notes originally given to the Union Bank & Trust Company (which had been absorbed by the Valley Bank of Phoenix) listed at 75,961.13

Stocks to the amount of, 103,454.69

Cash items and overdrafts amounting to, 3,211.69

\$869,000.00

The cash items and overdrafts proved nearly altogether worthless; the stocks consist of water rights in the Gila Bend irrigation project in the sum of \$68,200; common stock of the Southwestern Sugar & Land Company, \$22,200; and other holdings of equally little value. The notes, of course, were all "undesirable," or they would not have been rejected by the careful bankers who own the new Valley Bank.

The next year has not been a prosperous one and this fact has directly affected our collections. It can be said with safety, we think, that a great majority of the people who owe us are honest and desire to pay, but the most that many of them can do is to renew their obligations; many of them have not been able to even pay interest. Thousands and tens of thousands of dollars in these notes must be classified as absolutely worthless under present conditions. The work of our directors and our manager during the past year has been largely in getting these notes into better shape, thus improving the prospects for ultimate payment. Notwithstanding the adverse conditions, our financial statement shows that a total of \$38,248.34 has been collected. It will also be noted that a large part of our receipts has had to go to the protection of assets. A large proportion of the notes owned by the company are related to projects of uncertain outcome. Our conclusion, however, from careful analysis of all the assets, is that during the coming year our collections probably will be more satisfactory than during the year past. The business of the company has been handled most economically; the office forces consisting, since the first week of the year, only of the manager and the stenographer-bookkeeper, and the total outlay for office purposes to date

(Continued on Page Five)

THE BOSTON STORE'S ONE GREAT PRICE SMASHING SALE

Beautiful Silks

A WONDERFUL UNDER PRICING

36 INCH BLACK MESSALINE, and all silk messaline, bright lustrous black, soft finish, a regular \$1.25 value, 69c

48 INCH CREEP DE CHINESE, all pure silk, in black, white and colors, positive the best \$1.25 and \$1.50 values, special per yard, 98c

44 INCH SILK POPLINS, one of the most favored of silk dress fabrics. Note the width. Comes in black and all colors. The best \$1.50 quality, 98c

36 INCH PLAID TAFFETAS, one of the most stylish of silks, very popular. These we are showing in a large variety of plaids and fancy jacquard stripes, all colors. Actual values up to \$2 yard, choice, \$1.39

TWO TONE TAFFETAS of special weight and finish, rich two tone effects; silks worth one dollar yard, special, 59c

Silk Petticoats

\$2.50 AND \$2.75 SILK PETTICOATS, \$1.98

These are of all silk messalines, tailored flounces, in all colors, blacks and two tones, cut very wide and full, extra value, \$1.98

"KLOSET" PETTICOATS, \$3.95

In both all silk jersey, top and all messalines, deep tailored flounces; never sold for less than \$5.00, now \$3.95

Tailor Made Skirts

Every one of our dress or walking skirts is a man-tailored garment, made from thoroughly shrunken all wool materials in all the most stylish fabrics, weaves and colors. Scores of styles to select from. Dozens of high class models in fine serges, wool gabardines, epingles, hair line stripes, fancy plaids, black and white shepherd checks, mohairs and fancy skirtings and blacks in every popular model. Full range of sizes including the extra stouts—your choice now at

1/3 Off---33 1/3% Discount---1/3 Off

The Season's Best Millinery

Many of the models we are showing are advanced models for early spring and late winter wear. Exquisite pattern hats of exceptional beauty and style, classy street and tailored hats, motor and outing bonnets and caps, rich velvet untrimmed shape in blacks and colors. Misses' and children's dress and school hats. Every one shown is a late and classy model. All go in this sale. Your choice

One-Half --- 50% Discount --- One-Half

SHOES FOR THE FAMILY

Pickings from the most complete stocks of high grade footwear in the city—not one pair of old or out of style shoes in the entire stock—every pair of unequalled wear—style and service—shoes we take pleasure in selling you knowing full well their intrinsic worth and value.

Women's Shoes

We feature that most satisfactory women's shoe, the

"RED CROSS SHOE"

In dozens of stylish lasts and models in all leathers. Also "C. P. Fords," "Sachs" and the popular "Gypsy Boot," ranging in price from \$3.00 to \$5.00

Men's Shoes

In either a dress or work shoe, we have what you want. In our finer shoes we feature

"FLORSHEIM SHOES"

As the ideal shoe for the man who cares, all the latest models and lasts. Also the "W. L. Douglas," "Webber" and "Diamond Special." All shoes of unequalled merit and style. Every size and last ranging from \$3.50 to \$6.00

Boys' and Misses' Shoes

In button and lace models, in plain calf, patent calf, velour calf and vici in sizes from the small tots to high school wear.

DURING OUR INVENTORY SALE EXTRA SPECIAL PRICES WILL PREVAIL

Women's & Misses' Underwear

MISSIE'S UNION SUITS, sizes from 2 to 14 years, fine Jersey ribbed, fleece lined, full bleached, long sleeves, high neck and ankle length, the grade usually sold at 75c, special per suit, 49c

WOMEN'S SHIRTS AND DRAWERS, all sizes, special weight garments, Jersey ribbed, fleece lined, 50c values, per garment, 25c

WOMEN'S SEAL LINED GARMENTS, extra weight and finish in drawers and shirts, full bleached, all sizes, 65c values, each, 43c

WOMEN'S UNION SUITS—compare these with garments you pay 65c for elsewhere—all sizes up to 8, jersey ribbed and fleece lined, extra value, per suit, 47c



January, the month in which every reputable and responsible firm puts forth its greatest overlook no detail. To reckon not the loss of profits, but to reduce stocks so as to facilitate purchases. Such are the reasons for this tremendous sacrificing of high class wear—app intensity and far reaching in its scope.

Sale Continues Tue

The First of the Year

The Biggest in V

ON ACCOUNT OF THE EXTREMELY LOW PRICES PREVAILING DURING THIS GARMENTS AND KINDRED LINES. WE MUST IN PROTECTION TO OURSELVES EXCHANGE ANY SALE GARMENTS—EVERY SALE IS A COMPLETED TRANS

Women's TAILOR

A SACRIFICING OF HIGH CLASS MODELS—A V SMASHING OF PRICES AND VALUES

Not one garment but what reflects the best style, craftsmanship—not one garment but what is absolutely new, all the most pleasing and popular fabrics and colors

NOW THE OPPORTUNITY IS YOURS

Suits regularly selling at \$15.00, \$17.00 and \$18.50, \$1

suits of hard service wear, all good materials, \$1

Suits regularly selling at \$22.50, \$25 and \$27.50, \$1

No better styles shown, good range of sizes, \$1

Suits regularly selling at \$30.00, \$32.50 and \$35.00, \$1

some of the best models of the season, \$1

Suits regularly selling at \$37.50, \$40.00, and \$42.50, \$2

Models of most excellent style, all sizes, \$2

Suits regularly selling at \$45.00, \$47.50 and \$50.00, \$3

the most pronounced style models of the season, \$3

On all our still higher priced suits—suits ranging in \$3

\$65.00, your choice now, \$3

only, \$3

STREET DRESSES

Superb style garments all new, SILK POPLIN DRESSES

In every wanted color, all stylishly and well made; dozens of styles to select from, new shades of blues, greens, Copenhagen, wisteria, greys and black. Every size. Your choice now \$4.85

only \$4.85

Choice now \$8.85

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Correspondingly low prices will of our stock of medium and high

33 1/3% D

Plush and V

Women's Tailore

50 handsome good style coats brown and navy bonnets and exceptional wear, all sizes now

The very acme of stylishness rich greens and blues—all lined peau de cygne, the choicest of furs

N. Diamond & Bro. Phoenix

BOSTON

THE POPULAR SHOP